

Cobalt Coal Ltd.
900, 903 – 8th Ave SW
Calgary, Alberta T2P 0P7

September 27, 2017

G.E.M. Holdings US Corporation
3524 Silverside Road, Suite 35B
Wilmington DW, County of New Castle, 19810-4929, USA

Attn: Mr. Stephen Moscicki

RE: Advise Regarding the Entering into of Transactions by any member of the Clinchco Group (as that term is defined in the Clinchco Acquisition Agreement).

Reference is made to the Share Purchase Agreement dated August 24, 2015 with an effective date of September 1, 2015 (the “SPA”) which was closed pursuant to the Closing Addendum dated December 7, 2015 (the “Closing Addendum”) and amended pursuant to the Second Addendum dated March 3, 2015 (the “Second Addendum”) each of which were novated and assigned to G.E.M. Holdings US Corporation (“GEM”) pursuant to the Novation and Amending Agreement effective August 31, 2016 (the “Novation Agreement”) as further amended by the Waiver and Third Addendum to the Share Purchase Agreement dated March 29, 2017 (the “Waiver and Third Addendum”) (the Waiver and Third Addendum together with the SPA, the Closing Addendum, the Second Addendum and the Novation Agreement shall be referred to herein as the “Clinchco Acquisition Agreement”).

Please find attached a copy of the Complaint filed today in the United States District Court for the Western District of Virginia Big Stone Gap Division (the “Complaint”).

You will note from the Complaint that the Seller has claimed that the transactions contemplated by the Clinchco Acquisition Agreement shall be deemed to be immediately cancelled as of the date of the notice dated August 24, 2107 (the “Termination Notice”) was served upon GEM on the same date.

Reference is made to our telephone conversations over the past week. I am particularly concerned about three possible transactions that you have communicated to me that you are "working on". Acknowledging that I do not have the full particulars about such possible transactions, my understanding from our conversations is that you are "working on" all or some of the following:

- 1) "Buying out" the Stanley Employment Contract arrears; and/or
- 2) "Buying out" or otherwise renegotiating the terms of, or the payment requirements of, the overriding royalty agreement with Messrs. Schmidt, Stanley, Bright and Sykes (noting that you confirmed in our Friday September 22, 2017 conversation that that you will not be acting on the proposal from Kenny Schmidt that you forwarded to me on Thursday, September 21, 2017 because "I am prohibited from doing so"); and/or
- 3) Negotiating a substantial advance coal sales payment from Contura; and/or
- 4) Subleasing or some other form of disposition of certain of the other tracts forming the Leases that make up the "Leased Real Property" acquired by GEM pursuant to the Clinchco Acquisition Agreement.

I could not understand the rationale or logic of items 1 and 2 ("how do you buy someone's debt - you "pay off the debt" is what I said). The conclusion I came to was that you were thinking that by renegotiating the terms of the obligations in the case of the Stanley employment agreement debt or the overriding royalty agreement debt that you would satisfy the Default Notices that were served upon GEM on September 13, 2017.

I hereby re-confirm my advice to you on the telephone that "renegotiating the terms of the debt does not terminate the Default – the non-payment of those debts continues to form an encumbrance over the respective Clinchco Group company which is strictly prohibited by the Clinchco Acquisition Agreement.

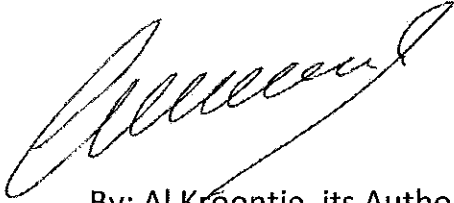
Please accept this letter as confirmation and advice to GEM as follows:

Buyer's authority to enter into agreements on behalf of the Clinchco Group terminated on August 24, 2017 and any agreements entered into by any representative of GEM on behalf of a Clinchco Group company are invalid and unenforceable against any member of the Clinchco Group.

Notwithstanding the above, in the event a court finds the six month repayment period has been invoked, Seller has a right to review for the purposes of providing written consent, any documents or contracts to ensure compliance with the restrictions contained in the Clinchco Acquisition Agreement.

Yours truly

Cobalt Coal Ltd.

A handwritten signature in black ink, appearing to read 'Al Kroontje', written over a horizontal line.

By: Al Kroontje, its Authorized Representative

Cc: **McCarthy Denning**

49 Queen Victoria Street, London

EC4N 4SA

United Kingdom

Attn: Ms. Pamela Henry and Mr. Richard Beresford